

for
**MAGNUM CONSOLIDATED
MINING CO. LTD. (N.P.L.)**

ANNUAL REPORT

For the year ending April 30, 1969

AR07

Annual General Meeting York Room, Hotel Georgia

**June 30th, 1969 2:30 p.m.
Vancouver Time**

Directors

BERNARD O. BRYNELSEN, Vancouver, B.C.
MERVIN E. DAVIS, Vancouver, B.C.
JACOB AUSTIN, Vancouver, B.C.
MORRIS M. MENZIES, Vancouver, B.C.
JOHN A. McLALLEN, Vancouver, B.C.
ARTHUR B. ELWORTHY, Vancouver, B.C.
DONALD CARMICHAEL, Vancouver, B.C.
A. E. TURTON, Vancouver, B.C.

Officers

BERNARD O. BRYNELSEN, President
MERVIN E. DAVIS, Senior Vice-President
JACOB AUSTIN, Executive Vice-President
MORRIS M. MENZIES, Vice-President,
Exploration
D. ROSS FITZPATRICK, Vice-President and
Secretary
STANLEY B. SLYM, Vice-President and
Treasurer
R. F. CAMPBELL, Assistant
Secretary/Treasurer

**Magnum Consolidated Mining
Co. Ltd. (N.P.L.)**

ANNUAL REPORT For The Year Ending April 30, 1969

HEAD OFFICES

401 - 1111 West Hastings Street,
Vancouver, B.C.

REGISTERED OFFICES

901 - 900 West Hastings Street,
Vancouver, B.C.

AUDITORS

Price Waterhouse & Co.,
Vancouver, B.C.

SOLICITORS

Andrews, Swinton, Margach, Austin and
Williams, Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company, Vancouver, B.C.

MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)

Report of the Board of Directors

The annual meeting of the Company proposed to be held on June 30th, 1969, and for which this report of the Directors is being submitted to the shareholders, will prove to be the most important of all shareholders' meetings yet held by the Company.

BRAMEDA PROPOSAL

In the notice of meeting which has been forwarded to the shareholders together with this annual report for the year ending April 30, 1969, the shareholders are advised that your Directors have received and have accepted, subject to the approval of the shareholders, a proposal from Brameda Resources Limited (formerly Thermochem Industries Limited) for the combining of the efforts of the two Companies by the sale by Magnum to Brameda of all of its assets for 1,400,000 shares of Brameda and the assumption of all the liabilities of Magnum. Brameda is also given the right to acquire forthwith Magnum's first right of refusal to purchase 120,000 shares of Churchill Copper Corporation Ltd. at market from a private holder which Magnum has no funds to purchase.

A specific covenant prior to the finalization of the Agreement of June 3, 1969, between Magnum and Brameda is that Brameda be successful on or before August 31st, 1969, in the sale of its shares to the public for a sum not to be less than \$7,500,000.00, and also that at such time the authorized shares of Brameda be 10,000,000, of which not more than 6,600,000 will be issued, including the

1,400,000 shares to be issued to Magnum and all shares of Brameda sold to the public.

Accordingly the result of the completion of the Magnum-Brameda Agreement will leave Magnum as the owner of the largest single block of shares of Brameda, approximately 21% depending on the outcome of certain smaller transactions. The next largest share block in Brameda is less than 400,000 shares. Magnum also has the right to nominate one Director to the Board of Brameda as long as Magnum holds at least 10% of the issued Brameda shares. At a Board meeting of Brameda held on June 3, 1969, John A. McLallen, a Magnum director, was nominated to the Brameda Board as the Magnum nominee, subject to resignation in the event the Magnum shareholders do not approve the Agreement with Brameda. Mr. McLallen is also the Chairman of the Board of Bethlehem Copper Corporation Ltd.

It is the strong recommendation of your Board of Directors that the Agreement between Magnum and Brameda which is dated June 3, 1969, be accepted by the Magnum shareholders as being eminently in accord with the best interests of the Company. An examination of Brameda's affairs lead your Directors to conclude that Brameda has every opportunity of developing into a major Canadian company in the resource field with international operations and that on the terms proposed by Brameda and accepted by the Magnum Directors, subject to shareholders' approval, an attractive association of the two Companies' efforts would be effected which would be synergistic in nature and would provide the shareholders of Magnum with a route for participating in all of the Brameda activities as well.

BRYNELSEN GROUP ASSOCIATION

Both Brameda and this Company have an interlocking Board of Directors and it has been recognized generally that the two

Companies have been identified as part of the "Brynelsen Group" of Companies. Magnum's affairs came under the direction of the Brynelsen Group in late November, 1966, and through their efforts and those of all of the Directors, the Company's affairs have moved from a stage where there were no active exploration programs of any size to the present stage where the Company proposes to place its McCracken silver property in Arizona into production in the late fall of 1969 and is assisting Churchill Copper Corporation Ltd. to bring its Magnum deposit of copper located in northern British Columbia into production in the first half of 1970. This Company has also become involved in interesting exploration programs and resource development investments which are detailed elsewhere in this annual report.

In Brameda Resources Limited the Brynelsen Group head an important Canadian resource based complex into which has been gathered assets which the Directors of Magnum consider to have substantial potential for growth and value in the immediate future.

SUMMARY OF BRAMEDA HOLDINGS Thermochem Process

Brameda is the owner of a sulphur refining process called the Thermochem Process particularly applicable to elemental or volcanic sulphur deposits, which has been developed at the Colorado School of Mines Research Foundation, Inc. of Golden, Colorado. This is one of the most outstanding independent mining research organizations to be found anywhere. The Colorado School of Mines in a report dated February 21, 1969, the bulk of which must remain secret for patent reasons, have concluded:

"We have been researching sulphur recovery processes for the past 12 years and the Thermochem process is the most technically and economically promising process of which we are aware."

"The sulphur product recovered is bright yellow and analyzed as high as 99.98% sulphur and at no time less than 99.85% sulphur (this is a rubber grade premium purity)."

Patent counsel for Brameda, Messrs. March, Le Fever and Wyatt, of New York City, New York, have advised in their opinion of April 22, 1969:

"Thermochem Industries Ltd. (now Brameda Resources Limited) is the owner of an application for United States Letters Patent Serial No. 653,989 filed July 17, 1967, entitled Sulphur Ore Refining Process; an application for United States Letters Patent Serial No. 759,828 filed September 12, 1968, entitled Process for Continuously Re-Using Solvent in Extracting Elemental Sulphur from Ore and Apparatus Therefor; and the following inventions covering which applications for United States Letters Patent are being prepared and filed: a Process for the Continuous Recycling of a Solvent to Recover Elemental Sulphur from Ore and Apparatus Therefor, and a Crystallization Apparatus.

"We have conducted extensive patent investigations covering the aforesaid inventions and are of the opinion that they are not anticipated by the prior art and further that United States patents will issue covering these inventions."

While the world sulphur industry is in a period of uncertainty, there can be no doubt about the longer term value of sulphur. An indication of the attractiveness of the Thermochem Process is given by the fact that two Licensing Agreements have been entered into by major resources corporations. Under date of February 15, 1969, Benguet Consolidated, Inc., listed on the New York Stock Exchange, obtained an exclusive licence for the use of the Thermochem Process in the Philippines and Taiwan for a deposit estimated to be at least 30 million tons grading approximately 30% sulphur. Under

date of May 22, 1969, Scurry-Rainbow Oil Company Limited obtained a non-exclusive licence for the use of the Thermochem Process in Bolivia for a deposit estimated to contain 2.7 million metric tons grading 40% sulphur. Active negotiations with other major sulphur property owners are under way and several new licensing agreements are expected in 1969 and 1970.

Sulphurdale Property

Brameda is the owner of the Sulphurdale property in Utah through its wholly owned subsidiary, Thermochem Industries of America, Inc. In a feasibility report dated March 6, 1969, Chapman, Wood & Griswold Ltd., Consulting Engineers and Geologists, recommended a program for the placing of this sulphur deposit near Cove Fort, Utah, into production as soon as possible. They stated there was a high degree of probability of the presence of 2,500,000 metric tons of 20% elemental sulphur containing 500,000 metric tons of sulphur, with a reasonable possibility of finding an additional 200,000 metric tons of sulphur. Production recovery is estimated to be approximately 94% and production grade to be 99.9% or beyond using the Thermochem Process. It is also the opinion of Chapman, Wood & Griswold Ltd., that production of 200 metric tons of sulphur per day could be sold to consumers in the Western United States at prices ranging from \$35.00 to \$45.00 per metric ton. Brameda propose to place the sulphur property into production in the early part of 1970 and believe they have reasonably assured markets within the price range set forth by Chapman, Wood & Griswold Ltd. and which makes this sulphur property economically attractive.

Sulphur Exploration

Brameda Resources Limited is also conducting promising sulphur exploration in three areas in Costa Rica and is examining prop-

erties in the Philippines, Guatemala, and elsewhere.

Financial Value

Your Magnum Directors believe that the sulphur projects of Brameda could have a considerable impact on profitability for that Company.

Timber Interests — British Columbia

A wholly owned subsidiary of Brameda Resources Limited, Atlin Industries Limited, is the holder of certain priority rights of development relating to timber in the Atlin watershed. On the basis of performance these priority rights could become of considerable value and form a strong integrated timber operation for Brameda. The lumber industry is generally considered to be a solid area in the next few years for capital growth and markets appear to be available at good prices for all production from Atlin Industries Limited.

Base Metal Interests—British Columbia

Brameda is the holder of 142,857 shares of Churchill Copper Corporation Ltd. which were acquired by Brameda under an Agreement dated April 10th, 1969, between itself and Churchill Copper Corporation Ltd. The Agreement provides for the right of Brameda to advance a total of \$2,800,000 to Churchill and to convert the whole or any part of the \$2,800,000 into shares of Churchill at \$7.00 per share. The total conversion would provide Brameda with 400,000 shares of Churchill. At this time Brameda has advanced \$1,000,000 to Churchill which has been converted into 142,857 shares.

Brameda also has the right to purchase all un sold shares now being offered to the Churchill shareholders at \$7.00 per share under a share rights offering. Further, Brameda has entered into an Agreement to purchase 300,000 shares of Churchill from

Nippon Mining Co. Ltd. at a price of \$7.00 per share which is payable both in cash and in shares of Brameda. This Agreement with Nippon is subject to the approval of the Japanese Government, which is now being requested.

In other base metal exploration activity, Brameda has two other projects under way in the Highland Valley. North Pacific Mines Ltd. and Cadco Enterprises Ltd. have each entered into Agreements with Brameda providing for exploration work by Brameda and the acquisition of a 70/30 interest in their properties. Previous work has indicated the possibility of a large tonnage low grade ore body on the North Pacific ground capable of open pit mining. Noranda Mines Limited is participating equally with Brameda in the work on the North Pacific and Cadco ground.

Brameda has also entered into an Agreement with Taseko Mines Ltd. (N.P.L.) providing for a right to earn a 60% interest in their property in the Highland Valley of British Columbia.

Titanium — Quebec

Brameda has entered into an Agreement with Gulf Titanium Ltd. to acquire a 60% interest in their titanium property located adjacent to the operation of Quebec Iron and Titanium Limited near Sept Iles, Province of Quebec. Nearly 230,000,000 tons of material grading 10.8% titanium oxide are indicated. Brameda is evaluating treatment of this material with the Ionarc process.

Coal — British Columbia

Brameda is the holder of the entire interest, subject to royalty payments, in a coking coal property held in the name of Pine Pass Coal Company Limited. Indications are that a market in Japan for more than 2,000,000 tons per year of coking coal can be secured for

production from the property. Initial testing shows coal of excellent coking qualities with several million tons reasonably inferred. A substantial development program to prove up economic tonnages is under way. The success of the project could provide very substantial earnings for Brameda.

Shipping

In the field of shipping and resource commodity handling generally, Brameda is a 25% shareholder in Oceanic Trading Company Limited, which leads an active Vancouver based group of companies. Through the Oceanic Group, liner and charter services are offered and earnings are at an acceptable and accelerating level. The main emphasis of the Oceanic Group is in marketing and transportation in Pacific rim countries.

General Interests

Brameda also will hold interests in shares of other public mining companies such as Giant Mascot Mines Limited, Kismet Mining Corporation Ltd. (N.P.L.), Pinex Mines Limited (N.P.L.), Casino Silver Mines Ltd. (N.P.L.), Territory Mining Ltd. (N.P.L.), Secondo Mining Ltd. (N.P.L.), Hearne Coppermine Explorations Limited (N.P.L.), and Westland Mines Ltd. (N.P.L.). These interests give Brameda a wide scope and exposure in exploration in the Yukon, Northwest Territories, Saskatchewan, Idaho, Washington and Oregon. Giant Mascot Mines Limited is operating a nickel/copper property near Hope, British Columbia at a rate of 1,400 tons per day of production.

Independent Consulting and Services

Special mention must be made of the pending acquisition by Brameda for investment purposes of the firm of Chapman, Wood & Griswold Ltd., of North Vancouver, B.C. This

firm of consulting mining engineers, geologists and metallurgists is highly regarded in the mining industry and have acted in preparing the feasibility reports of Craigmont Mines Limited, Endako Mines Limited and Brenda Mines Limited. No change has been made in the Chapman, Wood & Griswold Ltd. management who have entered into five year service contracts. Chapman, Wood & Griswold Ltd. will be operated as a wholly independent professional consulting firm.

Brameda operates Seymour Laboratory Limited, a wholly owned subsidiary, as a public professional assay business serving the mining industry in British Columbia.

Further Details

Further details of Brameda's holdings will be contained in the Information Circular forwarded to the shareholders with this annual report.

We wish to emphasize specifically that Messrs. B. O. Brynensen, M. E. Davis, M. M. Menzies and J. Austin are Directors and shareholders of this Company and also of Brameda. At the Directors' meeting of this Company held on June 3, 1969, Messrs. Brynensen and Davis were absent and Messrs. Austin and Menzies declined to participate in the consideration of the Brameda offer and did not vote. The other Directors of the Company were unanimous in their approval of the Brameda offer for Magnum's undertaking subject to the approval of the Magnum shareholders.

THE PROGRAM OF MAGNUM

In a report to the shareholders for the financial year ended April 30, 1968, and which is dated October 1, 1968, the shareholders were advised that the Company proposed to place its McCracken silver

property in Arizona into production in late 1969 or early 1970 and also was continuing to assist Churchill Copper Corporation Ltd. in bringing the Magnum copper deposit located in northern British Columbia into production in the same period. Work is continuing on each of these projects and the Directors are pleased to submit the following review on these projects and the other programs of the Company and the financial activities to date.

McCracken Silver-Lead Property, Mohave County, Arizona

A preliminary feasibility report on this property received in November, 1967, suggested the economic possibilities of operating the McCracken property by open pit methods. In the November, 1967, report, Chapman, Wood & Griswold Ltd. estimated possible open pit ore reserves, including allowance for 15% mining dilution, of 1,275,900 tons grading 6.56 oz. per ton silver and 1.62 oz. lead. The total cash requirement, including preproduction expense and working capital reserve, to place the property in production was estimated at \$2,900,000.

In the report dated October 1, 1968, to the shareholders, the Directors expressed the opinion that work then under way indicated somewhat smaller total reserves and a slightly less total grade than that estimated in November, 1967. The Directors also stated that silver prices were being maintained at high levels and were expected to do so for the foreseeable future, thus ensuring a profitable mining operation. Silver prices at that time were in the range of \$2.25 U.S. per oz.

The feasibility report delivered by Chapman, Wood & Griswold Ltd. together with the Supplemental Summary and Conclusions dated April 30, 1969, have provided the following reserves and grades. At April 30, 1969, ore reserves were estimated as follows:

(a) Geological Reserves

	Tons	Ag oz./ton	Pb %
Proven	402,000	4.26	2.36
Probable	209,300	7.46	2.04
Total, Proven and Probable	611,300	5.36	2.25
Possible	52,100	no fixed grade	

(b) Mineable Reserves

Surface Mining	562,800	4.34	2.07
Underground	57,200	10.26	1.65
Total, Surface and Underground	620,000	4.89	2.03

At a projected production rate of 500 tons per day, the probable operating life is slightly less than four years. Chapman, Wood & Griswold Ltd. also advise that the potential for developing additional reserves is somewhat limited but does exist and that, depending upon operating economies and/or increases in metal prices, some moderate extensions of mineable reserves laterally and at depth beyond presently estimated limits may be anticipated.

Pilot plant milling tests on McCracken ore conducted by Hazen Research, Inc. of Golden, Colorado, indicate that production scale milling recoveries would be on the order of 78% for silver and 66% for lead. Subsequently, testing in Vancouver indicates that finer grinding and alteration in reagent procedure should permit recovery of slightly more than 80% both silver and lead.

In October, 1968, Magnum purchased an existing ore concentrator located about 20 miles south of Tuscon, Arizona, for a cost of \$650,000 U.S. In the opinion of the Company's consultants this was an attractive purchase and would provide the Company with substantial savings in the construction of a mill. In April, 1969, the Company entered into an Agreement with Lakeside Engineering Company, Inc. of Salt Lake City, Utah, for the dismantling, transportation and re-erection

of this plant at the McCracken site and this work is now under way.

In summary, the weakening price of silver in the last six months and an unusually restricted tonnage for open pit mining, having regard to the consultants' earlier estimates, have rendered the McCracken project less attractive, but in the view of the Directors still worth proceeding with. On the basis of present cost estimates and returns, the Company will amortize the whole of the expected investment of approximately \$2,900,000 in the four year reserve period and on the forecastable basis will have its money back, a mill completely paid for and some limited profit.

An active exploration program is under way in Arizona and in the U.S. southwest generally for the location of other properties of merit which can provide mill feed to our mill at McCracken, or alternatively, to which the mill can be moved when the McCracken project is completed. Two Agreements have been entered into for the examination of properties in Arizona and a third Agreement is under negotiation. An exploration staff, headed by a mining engineer of many years' standing in the southwestern area of the United States, has been assembled.

Magnum Copper Deposit — Churchill Copper Corporation Ltd.

Magnum is the holder of 569,000 shares of Churchill Copper Corporation Ltd. out of an issued capital of 2,442,857 shares at this time, or approximately 23% of the Churchill stock. That Company is conducting a program to provide feasibility confirmation of targets with respect to the size and grade of the Magnum copper ore body and the cost of mining. The Directors of Churchill are proceeding with all necessary preparation for production including the construction of a mill with a rated capacity of between 750 and 1,000 tons per day and there is every

indication from the results to date that Churchill will bring its property located 80 miles west of Fort Nelson, B.C., into production in the first half of 1970.

Ore reserves on the Magnum deposit of Churchill were estimated at January 1, 1969, as follows:

(a) Geological reserves:

	Tons	% Cu.
Proven	409,300	5.12
Probable	509,600	4.55
Possible	856,700	4.32

(b) Mineable reserves:

Mineable proven and probable	1,034,600	4.01
Mineable possible reserves	976,800	3.64

N.B. Mineable reserves take into account dilution in the Geological reserves as the result of underground mining techniques.

The completion of all recommended work on the Churchill copper property would in the opinion of the consultants, Chapman, Wood & Griswold Ltd., provide a reasonable probability that all classes of mineable reserves would be in the order of 2,500,000 tons of approximately 4% copper and that on the basis of a capacity of 750 tons per day would provide an operating life of 9½ years on the ore block alone, without taking into account the results of additional exploration which would be conducted once the property was in production.

The report of Chapman, Wood & Griswold Ltd. to Churchill Copper Corporation Ltd. recommended the expenditure for exploration and third stage development of a sum of \$3,725,500 to August 31, 1969, and estimated that a further \$4,000,000 would be required to complete the equipping of Churchill's property for production.

To obtain the funds required by the consultants and to cover other costs to October 1, 1969, the Directors of Churchill have pro-

posed and had accepted by the Churchill shareholders two parallel plans of financing. In the first case, Churchill has entered into an Agreement with Brameda Resources Limited (formerly Thermochem Industries Limited) for the acquisition by Churchill of \$2,800,000 on a staged advance basis and all sums advanced are convertible into shares of Churchill at \$7.00 per share. Under this arrangement Brameda has provided \$1,000,000 to Churchill and its next payment obligation in the amount of \$500,000 is due July 30, 1969. The second financing plan is the offering by Churchill to its shareholders of share rights on the basis of one share right being awarded for each share issued on June 3rd, 1969.

It requires 10 rights plus \$7.00 to purchase a share of Churchill under the shareholders' rights offering which closes on July 10th, 1969. If fully subscribed for, the share rights plan will provide a further approximately \$1,700,000. Brameda has the right to purchase the unsold balance of the shares offered to the Churchill shareholders at \$7.00 per share.

The Directors of Churchill are of the opinion that following the successful completion of these two plans for equity financing they will be able to borrow a further \$4,000,000 from a senior lending institution in order to bring their property into production.

General Exploration

Magnum has carried out an active exploration program in Mexico under the direction of Roy Martin. Over a period of the last two years Martin has examined and optioned several properties and conducted exploration work. Attractive properties are now held by Magnum in Mexico and the Company is holding negotiations with a major Canadian mining group for a joint venture on further work in Mexico.

The results of the Company's exploration program on 300 claims held in the Coppermine area of the Northwest Territories were disappointing. However, the claims are being maintained through 1969 as a result

of work done and in view of continuing exploration activity by other Companies in the Coppermine area.

The Company holds an investment at a cost of \$20,060 in 75,592 shares of Muskox Mines Limited. That Company is the successor to the Muskox Syndicate and holds explorations interests on Victoria Island in the Northwest Territories. An active program is under way for the 1969 season and we look forward with interest to its results. We have been advised that Muskox Mines Limited may convert to a public company and offer its shares to the public during the course of 1969.

For some years Magnum has held an approximate 27% interest in Teddy Glacier Mines Ltd. (N.P.L.), which holds a gold prospect approximately 20 miles southeast of Revelstoke. No work has been done or appears likely to be done by that Company owing to the lack of concern by the other shareholders.

Through a subsidiary company, Planet Mines Limited, Magnum is the holder of 12 Placer leases in the Tulameen area of British Columbia. These leases continue to be of interest because of the development of the Ionarc process and testing of Tulameen sands has been conducted and is being appraised for its commercial potential.

In 1969 Magnum abandoned its 10% interest in a sulphur permit near Wood Buffalo Park in northern Alberta. Widespread interest had been created by drilling and exploration work in the vicinity but the results do not appear to be of immediate interest. The cost to Magnum of this position was \$8,020.

The Quesnel Lake and Boling Peak projects which were entered into actively in 1967 have been dropped by Magnum. Drilling was carried on as well as extensive geochemical and geophysical work done but major financing would have been required for very substantial exploration programs on these areas which indicated only marginal grade mineralization.

**Research — Plasma Arc Furnace —
Ionarc Smelters Ltd. (N.P.L.)**

Magnum is the holder of 45,000 shares of Ionarc Smelters Ltd. which has developed a high intensity plasma arc furnace and is proposing to implement the report of its consultants, Wright Engineers Limited of Vancouver, for the construction of a commercial plant in Vancouver for the treating of zirconium products. Earlier in 1969 Ionarc Smelters Ltd. was listed on the Vancouver Stock Exchange.

FINANCIAL

Substantial funds have been required to carry out Magnum's program in the last year. The current asset position at April 30, 1968, was \$253,470 and to this we added in November, 1968, the sum of \$812,500 by the sale of 250,000 shares at \$3.25 per share to the public through Hemsworth, Turton & Co. Ltd., members of the Vancouver Stock Exchange. In addition, Magnum has been able to borrow from its bankers a sum of \$500,000 and from Brameda Resources Limited \$225,000. The Statement of Source and Application of Funds shows the use of Magnum's money but in summary, main expenditures have been for purchase of the concentrator; all work to complete the McCracken feasibility report; commencement of the dismantling of the concentrator and removal and construction at McCracken; exploration in Mexico and the Coppermine.

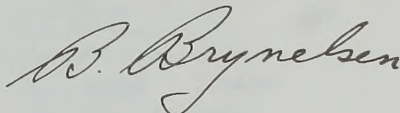
As at this date our current liabilities stand at nearly \$750,000. On the approval of the Agreement of June 3, 1969, by the Magnum shareholders all of these liabilities will be removed leaving the Company with no liabilities at the closing of the June 3rd agreement and an asset of 1,400,000 Brameda shares which we expect will have a market value when issued of approximately \$14,000,000. The value of the Agreement of June 3, 1969, for Magnum can be seen by a comparison of the present market value of our Churchill holdings, the low

profitability of the McCracken silver property, the market value of the Ionarc investment and the ancillary activities of the Company.

CONCLUSION

After approval by the shareholders of the Magnum, Brameda Agreement of June 3, 1969, and the closing of the sale of the Magnum assets, the Directors will begin consideration of a plan of distribution of the Brameda shares to the Magnum shareholders. The Directors will bring their recommendations back to a further special meeting of the shareholders.

ON BEHALF OF THE BOARD



B. O. BRYNELSEN,
PRESIDENT.

June 10, 1969.

MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.) and SUBSIDIARY COMPANIES

Consolidated Balance Sheet as at April 30, 1969

ASSETS

CURRENT ASSETS:

	1969	1968
Cash	\$ 3,631	\$ 186,987
Accounts receivable	79,480	66,483
Advances to affiliated companies	30,500	—
Supplies inventory, at cost	2,666	—
Prepaid expenses	1,112	—
	<u>117,389</u>	<u>253,470</u>

INVESTMENT IN OTHER COMPANIES:

Churchill Copper Corporation Ltd.— 569,000 shares, at cost (quoted market value of \$5,007,200 — 1969, \$1,433,700 — 1968) (Note 2)	487,332	337,332
Ionarc Smelters Ltd.— 45,000 shares, at cost (no quoted market value) (Note 3)	22,500	20,000
Muskox Mines Limited — 75,592 shares, at cost (no quoted market value)	20,060	—
Others, at nominal value	2	2
	<u>529,894</u>	<u>357,334</u>

MINERAL CLAIMS AND OPTION AGREEMENTS:

Mineral claims, at cost	161,065	158,092
Payments under option agreements, at cost (Note 4)	13,882	26,110
	<u>174,947</u>	<u>184,202</u>

FIXED ASSETS, at cost (Note 5):

Mill	696,266	—
Machinery and equipment	26,974	—
Construction in progress	117,167	—
	<u>840,407</u>	<u>—</u>

EXPLORATION AND DEVELOPMENT IN PROGRESS, at cost

611,974	270,791
<u>\$2,274,611</u>	<u>\$1,065,797</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Bank loan (secured)
Accounts payable and accrued liabilities
Amounts owing to affiliated companies

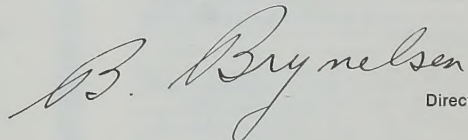
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY (Note 6)

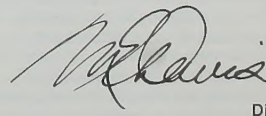
SHARE CAPITAL:

Authorized—
5,000,000 common shares without nominal or par value
Issued and fully paid—
3,498,107 shares (250,000 shares
issued during the year for cash)
CAPITAL DEFICIT — per statement attached

COMMITMENT (Note 7)

APPROVED ON BEHALF OF THE BOARD:


Director


Director

**MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)
and SUBSIDIARY COMPANIES**

**Consolidated Statement of Exploration and Development Expenditures
for the Year Ended April 30, 1969**

1969	1968
\$ 400,000	\$ —
132,626	43,921
203,311	
735,937	43,921
99	—
3,226,766	2,414,266
1,688,191	1,392,390
1,538,575	1,021,876
<u>\$2,274,611</u>	<u>\$1,065,797</u>

	1969	1968
Cost of exploration and development in progress at beginning of year	\$270,791	\$102,342
Add—		
Expenditures during the year:		
Exploration—		
Camp expenses	15,871	8,025
Assaying	15,163	5,782
Consulting fees	74,721	55,862
Drilling	129,095	42,237
Engineering	11,310	40
Geological services	108,517	29,266
Surveying	27,891	11,276
Reproductions	4,386	557
Equipment rental	12,788	1,537
Road construction	3,898	3,308
Travel	65,015	29,514
Vehicle expense	5,550	4,661
Claim staking and recording	4,029	13,246
Prospectors' fees and supplies	2,473	3,173
Mine rehabilitation	22	4,751
Advances to Racicot syndicate	733	286
Miscellaneous	10,042	2,944
	491,504	216,465
Administration—		
Legal and audit	16,600	31,557
Advertising	69	1,789
Aircraft	1,816	—
Interest and exchange	16,706	7,779
General	11,300	2,318
Insurance	1,486	262
Rent	2,330	1,444
Salaries	51,365	10,158
Telephone and telex	1,442	1,972
Travel	9,024	7,388
Transfer fees and expenses	5,686	4,092
	117,824	68,759
	880,119	387,566
Deduct—		
Cost of exploration and development terminated during the year	268,145	116,775
Cost of exploration and development in progress at end of year	\$611,974	\$270,791

**MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)
and SUBSIDIARY COMPANIES**

**Consolidated Statement of Source and Application of
Working Capital for the Year Ended April 30, 1969**

	<u>1969</u>	<u>1968</u>
Working capital, beginning of year	\$ 209,549	\$ 33,741
<i>Source:</i>		
Sale of common shares	812,500	692,500
Gain on sale of investments	—	46,026
Gain on sale of claims	2,150	—
Investment income	3,414	2,808
Minority interest in consolidated subsidiary	99	—
	<u>818,163</u>	<u>741,334</u>
<i>Application:</i>		
Exploration and development expenditures	609,328	285,224
Purchase of shares in—		
Churchill Copper Corporation Ltd.	150,000	112,500
Ionarc Smelters Ltd.	2,500	15,000
Muskox Mines Limited	20,060	—
Mineral claims and option agreements	23,965	152,802
Purchase of fixed assets	<u>840,407</u>	<u>—</u>
	<u>1,646,260</u>	<u>565,526</u>
Increase (decrease) in working capital	<u>(828,097)</u>	<u>175,808</u>
Working capital (deficiency), end of year	<u>(\$ 618,548)</u>	<u>\$ 209,549</u>

**MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)
and SUBSIDIARY COMPANIES**

**Consolidated Statement of Capital Deficit
for the Year Ended April 30, 1969**

	<u>1969</u>	<u>1968</u>
Opening balance	\$1,392,390	\$1,324,449
<i>Add—</i>		
Expenses applicable to exploration and development terminated during the year — per statement attached	268,145	116,775
Mineral claims and options written off	<u>33,220</u>	<u>—</u>
	<u>1,693,755</u>	<u>1,441,224</u>
<i>Deduct—</i>		
Gain on sale of investments	—	46,026
Gain on sale of claims	2,150	—
Investment income	<u>3,414</u>	<u>2,808</u>
	<u>5,564</u>	<u>48,834</u>
Closing balance	<u>\$1,688,191</u>	<u>\$1,392,390</u>

MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.) and SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements as at April 30, 1969

Note 1:

The consolidated financial statements include the financial statements of the company and all of its subsidiaries.

For purposes of inclusion in the financial statements, accounts prepared in foreign currencies have been restated in Canadian dollars. Current assets and current liabilities have been translated at year-end rates, other assets and liabilities substantially at the rates at the dates of the relevant transactions, and amounts appearing in the consolidated statement of exploration and development expenditures at average rates of exchange for the year.

Note 2:

During the year ended April 30, 1968, the company sold 150,000 shares of Churchill Copper Corporation Ltd. to the International Bank and Financial Corporation, Panama. Under the terms of the sale, the purchaser granted to the company a voting trust in respect of such shares for a period of five years from May 17, 1967, together with a right to repurchase the shares at any time during such period at their then prevailing market price. 30,000 of these shares were repurchased during the current year.

Note 3:

Shares of Ionarc Smelters Ltd. became listed on the Vancouver Stock Exchange on May 2, 1969. At the close of business on May 23, 1969, the bid price was \$12.50 per share.

Note 4:

Under a mining lease and option agreement dated February 14, 1969, a wholly-owned subsidiary

obtained the right to purchase 23 mineral claims situated in the Owens Mining District, Arizona, for \$40,000 U.S., of which \$1,000 U.S. was paid during the current year. Minimum payments under the terms of the agreement are as follows:

June 15, 1969	\$ 1,000 U.S.,
1970	8,000 U.S.,
1971	10,000 U.S.,
1972	10,000 U.S.,
1973	10,000 U.S.,

The agreement can be terminated at any time by the subsidiary.

Under a mining lease and option agreement dated February 28, 1969, a wholly-owned subsidiary obtained the right to purchase 50 mineral claims situated in the Owens Mining District, Arizona, for \$400,000 U.S., of which \$5,000 U.S. was paid during the current year. Minimum payments under the terms of the agreement are as follows:

August 18, 1969	\$ 5,000 U.S.,
1970	10,000 U.S.,
1971	10,000 U.S.,
1972	20,000 U.S.,
1973	30,000 U.S.,
1974	

and subsequent years 10,000 U.S., continuing until the agreement is terminated or the option is exercised. The agreement can be terminated at any time by the subsidiary.

Note 5:

During the year ended April 30, 1969, a wholly-owned subsidiary purchased an ore concentrator mill, including all power and ancillary facilities, for \$650,000 U.S., which, together with site preparation and dismantling costs, is shown on the balance sheet.

In addition, the subsidiary has either entered into or is presently finalizing lease agreements for mining equipment costing \$675,897 U.S. which call for the following payments—

April 23, 1969	\$25,000 U.S.
May 23, 1969	25,000 U.S.
June 23, 1969	25,000 U.S.
July 23, 1969	25,000 U.S.

The balance of \$575,897 U.S. is payable in monthly lease payments of 2½% of the balance. All monies paid may apply toward the purchase price of the equipment except for an amount equal to 9% simple interest.

Note 6:

During the year ended April 30, 1969, ninety-nine shares of Planet Mines Ltd. were issued in exchange for 6 mining leases reducing the company's interest in such subsidiary to 50.5%.

Note 7:

Under an agreement dated October 16, 1968, the company is committed either—

- (1) to pay \$200.00 out of the net smelter returns of properties owned by a wholly-owned subsidiary, or
- (2) to issue 40,000 treasury shares of Magnum Consolidated Mining Co. Ltd. (N.P.L.)

to Mr. R. A. Martin, prospector, with respect to the acquisition of certain properties by the wholly-owned subsidiary. Approval of the issue of these shares has been requested from the Vancouver Stock Exchange.

Auditors' Report

To the Shareholders of Magnum Consolidated Mining Co. Ltd. (N.P.L.)

We have examined the consolidated balance sheet of Magnum Consolidated Mining Co. Ltd. (N.P.L.) and its subsidiaries as at April 30, 1969, and the consolidated statements of exploration and development expenditures, capital deficit and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at April 30, 1969, and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

May 23, 1969.

1075 West Georgia Street
Vancouver 5, B.C.

INSTRUMENT OF PROXY
for an Annual and Extraordinary
General Meeting of
MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)
to be held on June 30, 1969

THIS PROXY IS SOLICITED ON BEHALF OF
MANAGEMENT OF THE COMPANY

The undersigned member of Magnum Consolidated Mining Co. Ltd. (N.P.L.) ('the Company') hereby nominates and appoints Bernard O. Brynensen; or failing him, Mervin E. Davis; or failing him, Jacob Austin; all of Vancouver, British Columbia;

or.....

of.....
as the proxy for and on behalf of the undersigned, to attend the Annual and Extraordinary General Meeting of the Company to be held on June 30th, 1969, and at any and all adjournments thereof, and thereat to act for and on behalf of the undersigned and to vote the shares in the capital stock of the Company registered in the name of the undersigned with respect to the matters set forth in Items 1, 2, 3, 4, 5 and 6 hereof as follows:

1. Approval of the Report of the Directors and the financial statements of the Company for the fiscal year ended the 30th day of April, 1969;

FOR ☐ AGAINST ☐

2. For the election of Directors;

3. For the appointment of Auditors and to authorize the Directors to fix the remuneration to be paid to the Auditors;

4. To ratify the agreement dated June 3rd, 1969, between the Company and Brameda Resources Limited ('Brameda') (formerly Thermochem Industries Limited) and to approve the sale of assets of the Company as therein provided;

FOR ☐ AGAINST ☐

5. To authorize the Company, to invest, hold and dispose of the securities of other companies as more particularly set out in Item 5 of the Notice of Meeting;

FOR ☐ AGAINST ☐

6. To approve the conduct by the Board of Directors of the affairs of the Company since the last Annual General Meeting;

FOR ☐ AGAINST ☐

OR IF NO CHOICE IS SPECIFIED IN THE BOXES SET OUT ABOVE FOR THAT PURPOSE, AND IN THE CASE OF THOSE ITEMS FOR WHICH NO CHOICE CAN BE INDICATED HEREIN, AND WITH RESPECT TO ANY AMENDMENTS TO OR VARIATIONS IN ANY OF THE ITEMS SET OUT ABOVE TO VOTE THE

SHARES OF THE UNDERSIGNED AS THE PROXY HEREBY APPOINTED IN HIS SOLE DISCRETION MAY SEE FIT, all in the same manner and to the same extent and with the same power as the undersigned could do if the undersigned were personally present at such meeting.

The undersigned hereby revokes any proxy previously given.

AS WITNESS MY HAND this.....day of June, 1969.

.....
Signature of Member

SEE NOTES AS TO INSTRUMENT OF PROXY

NOTES AS TO INSTRUMENT OF PROXY

1. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED ON ITEMS 1, 4, 5 and 6 AS THE SHAREHOLDER MAY HAVE SPECIFIED BY MARKING AN "X" IN THE BOXES PROVIDED FOR THAT PURPOSE. IF NO CHOICE IS SPECIFIED, THE SHARES WILL BE VOTED AS IF THE SHAREHOLDER HAD SPECIFIED AN AFFIRMATIVE VOTE.

2. IF THE SHAREHOLDER DOES NOT WANT TO APPOINT EITHER OF THE THREE PERSONS NAMED IN THE INSTRUMENT OF PROXY, HE SHOULD STRIKE OUT THEIR NAMES AND INSERT IN THE BLANK SPACE PROVIDED THE NAME OF THE PERSON HE WISHES TO ACT AS HIS PROXY, SUCH OTHER PERSON NEED NOT BE A MEMBER OF THE COMPANY.

3. The instrument of proxy will not be valid unless it is dated and signed by the shareholder or by his attorney duly authorized by him in writing, or, in the case of a corporation, is executed under its corporate seal or by an officer or officers or attorney for the corporation duly authorized. If the instrument of proxy is executed by an attorney for an individual shareholder or joint shareholders or by an officer or officers or attorney of a corporate shareholder not under its corporate seal, the instrument so empowering the officer or officers or the attorney, as the case may be, or a notarial copy thereof, should accompany the proxy instrument.

4. The instrument of proxy to be effective must be deposited at the office of the Registrar and Transfer Agent of the Company, Montreal Trust Company, 466 Howe Street, Vancouver 1, British Columbia, prior to 4:00 p.m. (Vancouver Time) on Friday, June 27, 1969.

**NOTICE OF ANNUAL AND EXTRAORDINARY
GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Annual and Extraordinary General Meeting of the shareholders of Magnum Consolidated Mining Co. Ltd. (N.P.L.) for the year 1969 will be held at the York Room, Hotel Georgia, 801 West Georgia Street, in the City of Vancouver, Province of British Columbia, on Monday, the 30th day of June, 1969, at 2:30 p.m. (Vancouver Time) for the following purposes:

1. To receive and approve the Report of the Directors, the financial statements of the Company for the fiscal year ended 30th of April, 1969, and the Report of the Auditors thereon;

2. To elect Directors for the ensuing year;

3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;

4. To consider and, if thought fit, to adopt an ordinary resolution to ratify the agreement dated June 3, 1969, between the Company and Brameda Resources Limited ('Brameda') (formerly Thermochem Industries Limited) and to approve the sale to Brameda of all the assets, except cash, and the assumption of all the liabilities of Magnum, subject to the terms and conditions therein contained, for a purchase price consisting of 1,400,000 shares of Brameda.

5. To authorize the Company, pursuant to Sections 22 (1) (g) and 150 of the "Companies Act" to take or otherwise acquire and hold the shares, stocks or debentures of any company, wheresoever incorporated, having objects, altogether or in part, similar to those of the Company, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the Company and to sell or re-issue with or without guarantee or otherwise deal with the same, and to empower the Directors to exercise such authority on the Company's behalf;

6. To approve the conduct by the Board of Directors of the affairs of the Company since the last Annual General Meeting;

7. To transact such other business as may properly be brought before the meeting and any and all adjournments thereof.

A copy of an Information Circular and copies of the reports and financial statements to be presented at the meeting accompany this Notice.

DATED at Vancouver, British Columbia, this 10th day of June, 1969.

BY ORDER OF THE BOARD

D. Ross Fitzpatrick
Secretary

Shareholders are entitled to vote at the meeting either in person or by proxy. If you are unable to be present at the meeting you are requested to complete, sign, date and return the enclosed proxy.

MAGNUM CONSOLIDATED MINING CO. LTD. (N.P.L.)

ANNUAL REPORT

For the period from May 1, 1969 to December 31, 1969

**MAGNUM CONSOLIDATED MINING
CO. LTD. (N.P.L.)**

ANNUAL REPORT

**For the period from May 1, 1969 to
December 31, 1969**

EXECUTIVE OFFICE

7th Floor, 1177 West Hastings Street,
Vancouver, B.C.

REGISTERED OFFICE

#901 - 900 West Hastings Street,
Vancouver, B.C.

AUDITORS

Price Waterhouse & Co.,
Vancouver, B.C.

SOLICITORS

Andrews, Swinton, Margach, Austin and Williams,
Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company,
Vancouver, B.C.

DIRECTORS

BERNARD O. BRYNELSEN, Vancouver, B.C.

MERVIN E. DAVIS, Vancouver, B.C.

JACOB AUSTIN, Vancouver, B.C.

MORRIS M. MENZIES, Vancouver, B.C.

JOHN A. McLALLEN, Vancouver, B.C.

ARTHUR B. ELWORTHY, Vancouver, B.C.

DONALD CARMICHAEL, Vancouver, B.C.

A. E. TURTON, Vancouver, B.C.

OFFICERS

BERNARD O. BRYNELSEN, President

MERVIN E. DAVIS, Senior Vice-President

JACOB AUSTIN, Executive Vice-President

MORRIS M. MENZIES, Vice-President, Exploration

D. ROSS FITZPATRICK, Vice-President and Secretary

R. J. COBB, Treasurer

R. F. CAMPBELL, Assistant Secretary/Treasurer

REPORT OF THE BOARD OF DIRECTORS

Consolidation of Magnum Business With and Sale of Assets to Brameda

The last Annual Meeting of the Company was held on June 30, 1969, and it was described by us in the Annual Report dated June 10, 1969, as "the most important of all shareholders' meetings yet held by the Company." On that day the Magnum shareholders almost unanimously approved an Agreement dated June 3, 1969, between the Company and Brameda Resources Limited for the reorganization and consolidation of their businesses by the combining of the efforts of the two Companies through the sale by this Company to Brameda of all its assets in consideration for 1,400,000 shares of Brameda Resources Limited and the assumption by Brameda of the liabilities then outstanding of Magnum.

The Agreement of June 3, 1969 also provided as a condition to its completion that at the finalization date of September 24, 1969, Brameda must be successful in a sale of its shares to the public for a sum of at least \$7,500,000 and also that out of an authorized share capital of 10,000,000 shares, Brameda have issued at that time not more than 6,600,000 shares including the 1,400,000 shares to be issued to Magnum and all shares of Brameda sold to the public.

On September 24, 1969 Brameda Resources Limited sold 1,340,000 common shares at a price of \$8.50 per share which netted Brameda, after payment to the underwriters and other charges of the underwriting, a total sum of \$10,813,800. On completion of the underwriting and also of the issue of 1,400,000 shares of Brameda to Magnum there were finally issued and outstanding 6,498,228 shares of Brameda. Accordingly on September 24, 1969 the final closing of all of the

transactions for the reorganization of Brameda Resources Limited, including the sale by this Company of its assets to Brameda, was held and completed in the Board Room of the Bank of British Columbia. The assets of Magnum, including 569,000 shares of Churchill Copper Corporation Ltd., the ownership of the McCracken silver deposit in Arizona and other mineral claims and share interests, were transferred to Brameda, which also assumed Magnum liabilities totalling nearly \$1,900,000.

As shareholders will note in the audited balance sheet enclosed herewith for the period from May 1, 1969 to December 31, 1969, this Company has very little cash and its sole asset of size is 1,400,000 shares of Brameda Resources Limited. Valued at the issue price of \$8.50 per share on September 24, 1969, we received shares of Brameda to a market value of \$11,900,000. Brameda Resources Limited has subsequently been listed on the Montreal Stock Exchange, Toronto Stock Exchange and Vancouver Stock Exchange and as at the date of writing is trading at about \$10.00 per share, which makes our investment worth approximately \$14,000,000. Also, at this time Magnum holds the largest single block of shares in Brameda, approximately 21% of the total Brameda shares issued.

Discussion and Consideration of Voluntary Winding-Up

At the Annual Meeting on June 30, 1969, Mr. Brynelsen on behalf of the Board of Directors advised the shareholders that the proposal by Brameda Resources Limited was in the main in order to allow the Brynelsen Group and their associates to consolidate and reorganize their various active mining and natural resource holdings within the framework of Brameda Resources

Limited so as to allow the financing and development of Brameda Resources Limited as a major independent Canadian multi-resource entity. Both Magnum and Brameda had been identified by the public as a part of the Brynelsen Group of companies and accordingly to effect the reorganization and consolidation Brameda was prepared to receive the assets of Magnum and pay a substantial premium to the Magnum shareholders. The Board of Directors advised the shareholders in their report of June 10, 1969 that "an attractive association of the two Companies' efforts would be effected which would be synergistic in nature and would provide the shareholders of Magnum with a route for participating in all of the Brameda activities as well." The underlying premise of the reorganization and consolidation was that there would only be one main company representing the ongoing interests of the Brynelsen Group, namely Brameda Resources Limited, and accordingly the objective for Magnum would be a winding up of its affairs and a distribution of its assets to the shareholders so that the Magnum shareholders would participate directly through the holding of shares in Brameda Resources Limited.

Several shareholders asked at the meeting on June 30, 1969, and subsequently, when a distribution might be expected. The meeting on June 30, 1969 was advised by Mr. Brynelsen that a study of the tax implications of a voluntary winding up and also of the procedures would be instituted. Mr. Brynelsen drew attention to the final paragraph of the Directors' Report of June 10, 1969, which advised that after the closing of the sale of the Magnum assets "the Directors will begin consideration of a plan of distribution of the Brameda shares to the Magnum shareholders and will bring their recommendations back to a special meeting of the shareholders."

Directors' Recommendations for Winding-Up

On behalf of the Directors, the auditors and the solicitors of the Company have considered the tax implications and procedures in connection with the voluntary winding-up of the Company's affairs. It is considered by the Directors most unlikely that there will be any tax liability either to the Company or to the Canadian shareholders by a voluntary winding-up of the Company's affairs and we believe that the assets of Magnum will be distributed to the Canadian shareholders free of any tax liability caused by the voluntary winding-up. There are some United States shareholders of the Company and an attempt is being made on their part to obtain a ruling from the Internal Revenue Service in Washington, D.C., which would avoid any tax being imposed on their holdings by virtue of the distribution of the Brameda shares.

In the Notice of Meeting the Directors are proposing the passing of a special resolution for the voluntary winding-up of the Company. Upon the approval of this special resolution by the shareholders, a distribution of assets can commence to the shareholders by March 2, 1970. Following approval at the February 16, 1970 meeting, a further mailing to all of the shareholders will be made giving detailed advice of the mechanics of the distribution and the surrendering of shares of Magnum for shares of Brameda. We are advised by the Vancouver Stock Exchange that shares of Magnum will continue to trade as listed shares for a minimum period of six months following February 16, 1970.

The total of Magnum shares issued and outstanding is 3,538,107 shares, and all of these shares are fully paid and non-assessable. The distribution of 1,400,000 Brameda shares to the Magnum shareholders would provide approximately one share of Brameda for every

2½ shares of Magnum, after the costs of distribution and liquidation have been paid.

In the event that the shareholders pass the special resolution for the voluntary winding-up of the Company, the Board of Directors of Magnum also ask for a resolution allowing the incorporation by Brameda of a company under the same or similar name as this Company to allow the continuation of the name in existence as a subsidiary of Brameda, to protect the goodwill of the Magnum name and to prevent unauthorized use by third parties.

Shareholders will want to remain informed on Brameda developments and accordingly we are enclosing with this Annual Report the Interim Report of Brameda for the period ending October 31, 1969. Following the approval of the special resolution, shareholders will be

put on the Brameda mailing list to receive copies of the Annual Report of Brameda and other information as it is released.

We believe that events since the approval of the Agreement of June 3, 1969 by the shareholders of Magnum have proven the essential value and importance to the shareholders of Magnum of the sale of this Company's assets to Brameda. We have every confidence in Brameda Resources Limited in which the Brynelsen Group head an important Canadian resource based complex which we consider to have real potential for growth.

We wish to thank the shareholders of Magnum for their confidence in and support of the activities of the Board of Directors in the past year and in particular, concerning the major decision to combine efforts with Brameda Resources Limited.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, reading "B. O. Brynelsen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

B. O. BRYNELSEN,
PRESIDENT.

BALANCE SHEET AS AT DECEMBER 31, 1969

ASSETS

Cash	\$ 1,769
Investment in 1,400,000 shares of Brameda Resources Limited (Note 1)	1,591,908
	<hr/>
	\$ 1,593,677
	<hr/>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 2)

Authorized—

5,000,000 common shares without nominal or par value

Issued and fully paid — 3,538,107

\$ 3,356,766

CAPITAL DEFICIT — per statement attached

1,763,089

\$ 1,593,677

ON BEHALF OF THE BOARD:



Director



Director

**STATEMENT OF CAPITAL DEFICIT FOR THE EIGHT MONTHS ENDED
DECEMBER 31, 1969**

Balance at April 30, 1969		\$ 1,688,191
<i>Add—</i>		
Mineral claims and options expired	\$ 75,000	
<i>Less—</i>		
Recovery on claims terminated	102	74,898
Balance at December 31, 1969		<u><u>\$ 1,763,089</u></u>

**STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1969**

Consolidated working capital deficiency at April 30, 1969		\$ 618,647
Application of funds:		
Purchase of fixed assets by former subsidiary company	\$ 1,060,700	
Mineral claims and option agreements	7,911	
Exploration and development expenditures	203,844	1,272,455
Consolidated working capital deficiency at September 24, 1969		<u>1,891,102</u>
Book value of consolidated non-current assets at September 24, 1969 (Note 1)		<u>3,484,779</u>
		1,593,677
Book value of the net assets sold to Brameda Resources Limited in consideration for 1,400,000 shares of Brameda (Note 1)		<u>1,591,908</u>
Cash on hand December 31, 1969		<u><u>1,769</u></u>

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1969

Note 1:

On September 24, 1969, pursuant to an agreement dated June 3, 1969, all of the assets (except cash) and the liabilities of the company were sold to Brameda Resources Limited in exchange for 1,400,000 treasury shares of Brameda issued at an ascribed value equal to the book value of the assets less liabilities at that date. Accordingly, the accompanying statements of capital deficit and source and application of working capital reflect the financial transactions of the company's subsidiaries to the date of sale and comparative figures have not been presented for the preceding period.

Quoted market value of the 1,400,000 shares at December 31, 1969 is \$13,440,000. This amount does not necessarily represent the value that would be received on disposal, because of the relatively large proportion of shares held.

Note 2:

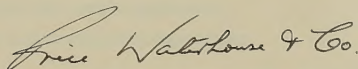
40,000 treasury shares have been issued during the period to Mr. R. A. Martin, prospector, pursuant to an agreement dated October 16, 1968, at an ascribed value of \$130,000 and in full consideration for his interest in the McCracken Silver Property.

AUDITORS' REPORT

To the Shareholders of
Magnum Consolidated Mining Co. Ltd. (N.P.L.):

We have examined the balance sheet of Magnum Consolidated Mining Co. Ltd. (N.P.L.) as at December 31, 1969, and the statements of capital deficit and source and application of working capital for the eight-month period then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its working capital for the eight-month period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

A handwritten signature in cursive script that reads "Price Waterhouse & Co.".

Chartered Accountants

January 6, 1970

1075 West Georgia Street
Vancouver 5, B.C.

